



**STATE OF TENNESSEE
DEPARTMENT OF REVENUE
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37242
TENNESSEE CONSUMER USE TAX**

Tennessee, like other states that impose a sales tax, also taxes the use of property brought into the state untaxed when purchased. This "use" tax was enacted in 1947, the same year as the sales tax, to complement the sales tax by taxing merchandise purchased from out-of-state sources that do not collect the state's sales tax. The use tax is designed to raise revenue and to protect local merchants who must collect sales tax from unfair competition from out-of-state sellers who do not collect Tennessee's sales tax.

If Tennessee sales tax is added to the price of your purchase, you do not owe use tax. However, if you buy merchandise through the Internet, over the telephone, from mail-order catalogs, etc., and sales tax is not added to the price, then you are responsible for paying the use tax directly to the Department of Revenue. Also, if you travel outside the state and purchase untaxed merchandise that is shipped to your Tennessee home, you are liable for the use tax.

The use tax rate is a combination of the state tax rate of 7% (6% on food or food ingredients) plus the rate levied by your local government, generally 2.25%. (A local government tax rate chart is provided.) The tax is applied to the purchase price of the merchandise plus any shipping and handling charges that the merchant adds to your bill.

The local rate is applicable on the first \$1,600 dollars of the purchase price of any single article. Effective July 1, 2002, there is a state single article rate of 2.75% that is applicable to the purchase price amount of any single article purchase from \$1,600.01 to a maximum of \$3,200. Instructions for calculating the state and local sales tax on single article purchases are provided on the reverse side of the return below.

You must file the consumer use tax return and pay the taxes at least annually. You may also file monthly, quarterly, or semiannually. The return is due on the 20th of the month following the close of the applicable period. For example, if you file an annual calendar year return, the return is due on January 20. If you file quarterly, returns are due on April 20, July 20, October 20, and January 20 of the following year. For your convenience, if you are reporting use tax on items, some of which are taxed at the 6% state rate and others that are taxed at the 7% rate, you may wish to file a separate return for each state tax rate.

We urge you to voluntarily report your tax liability. A consumer use tax return is attached to this letter for your convenience. If you need additional assistance, please contact the Taxpayer Services Division at (800) 342-1003 or, in Nashville, at (615) 253-0600. The consumer tax return and information about the use tax are also available on the Department's Web site: www.Tennessee.gov/revenue.

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TENNESSEE DEPARTMENT OF REVENUE
TENNESSEE CONSUMER USE TAX RETURN



(Circle One) SSN or FEIN _____

Name: _____

Date of Purchase: _____

Address: _____

1. Total Purchase Price \$ _____

2. State Use Tax* \$ _____

City: _____ State: _____ ZIP: _____

3. Local Tax** \$ _____

Phone: _____ County of Residence: _____

4. State Single Article Tax*** \$ _____

5. Total Tax owed (total of lines 2 through 4) \$ _____

Check one below:

Purchase is for: an individual _____ a business _____

*The use tax rate is the same as the sales tax rate

**Local tax rate applies to the first \$1,600 of the cost of each item purchased; if local rate is unknown, see local rate chart.

***See example on back for single items over \$1,600.

Taxpayer Signature _____ Date _____

45274001

For Office
Use Only

Instructions for calculating sales and use tax on single item.

If no tax was paid to the seller, calculate 7% of the net purchase price for state tax plus the appropriate state and local single article taxes. Effective July 15, 2002, a state sales or use tax of 2.75% is levied on the amount of a single article in excess of \$1,600 and less than or equal to \$3,200. The first \$1,600 of the sales price will continue to be taxed at the appropriate local rate. The amount from \$1,600.01 to \$3,200 will be taxed at a uniform rate of 2.75%.

Example:	
1. Net purchase price	\$10,000.00
2. State Tax at 7%	700.00
3. Local Option on first \$1,600. This Example is Davidson Co.(2.25%)	36.00
4. State Single Article on price of \$1,600.01 - \$3,200.00 at 2.75%	44.00
5. Total Tax Due on this Example	\$780.00